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The Dimension of Canadian Youth Unemployment : A Theoretical Explanation L'importance du chômage des jeunes au Canada

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Résumé de l'article

Le chômage des jeunes au Canada a toujours été très élevé depuis la fin de la dernière guerre. Au cours de cette période, le tiers des sans-travail au Canada provient du groupe d'âge de 14 à 24 ans, même si ceux-ci ne forment que vingt-six pour cent de la main-d'œuvre. De plus, la tendance est à la hausse. Dans une certaine mesure, on peut expliquer ce phénomène par l'augmentation du taux de natalité pendant les années qui ont suivi la guerre, mais ce n'est pas là une explication globale ; il s'agit d'une caractéristique permanente du marché du travail au Canada. Pendant trois ans seulement, au cours des dix-huit dernières années, le taux de chômage des adolescents de 14 à 19 ans a été inférieur à 10 pour cent. De même, pour le groupe d'âge de 20 à 24 ans, hommes et femmes, il n'y eut également que trois années pendant lesquelles le taux de chômage dans cette catégorie n'a pas dépassé sept pour cent.

Autre fait : pour l'année 1968, par exemple, aucun pays industrialisé de l'Europe, à l'exception de l'Italie, n'a connu un problème de chômage des jeunes aussi aigu que le Canada et les États-Unis, ce qui indique qu'un taux de chômage beaucoup plus élevé chez les jeunes que chez les adultes n'est pas un mal inévitable de la société industrialisée.

Devant cette toile de fond, cette étude a pour objet d'exposer l'étendue du chômage des jeunes au Canada, d'expliquer brièvement les caractéristiques propres du chômage des jeunes et d'offrir, enfin, quelques recommandations pratiques.

La complexité du chômage des jeunes conduit à formuler les quatre observations suivantes : le taux de chômage des jeunes est très élevé, même lorsque l'économie est proche du plein emploi ; la variation cyclique du chômage des jeunes dépasse celle de tous les autres groupes de travailleurs ; si l'on connaît le nombre de jeunes qui, démoralisés, quittent le marché du travail, la gravité du problème serait beaucoup plus dramatique ; enfin, le rapport entre le taux de chômage des jeunes et le taux de chômage général n'a cessé d'augmenter au cours de la deuxième moitié de la dernière décennie, ce qui indique une détérioration générale des perspectives de l'emploi pour l'avenir.

À l'aide des statistiques relatives au chômage, l'auteur examine ensuite chacune de ces propositions d'où il tire, par exemple, les faits suivants :

Parmi les groupes d'âge 14 à 24 ans et 19 à 24 ans, le groupe des femmes de 19 à 24 ans est le seul dont le taux de chômage se rapproche de la moyenne générale, mais encore là, il faut tenir compte du fait que le taux de participation à la main-d'œuvre, qui est assez faible, peut voiler le tableau du chômage. Il signale aussi que, même si le taux de chômage chez les jeunes demeure toujours élevé, celui-ci s'accroît considérablement en période de récession. En d'autres termes, de mauvaises conditions économiques ont beaucoup plus d'influence sur le niveau d'emploi des jeunes que sur le niveau d'emploi des adultes. Ceci se reflète nettement dans les statistiques pour la période 1966 à 1970. D'autre part, en dépit d'un niveau d'instruction plus élevé, ces faits ont tendance à indiquer que, dans une société technologique en expansion, les diplômés au niveau du collège, et même du baccalauréat deviennent rapidement désuets. Les dépenses sans précédents faites pour stimuler toutes les formes d'instruction et hausser le niveau d'éducation de la jeunesse n'ont guère contribué à alléger le fardeau du chômage. Lorsque l'activité économique se contracte, un grand nombre de jeunes quittent le marché du travail et, si certains retournent aux études, la plupart cessent purement d'être en disponibilité, créant ainsi un fort taux de chômage camouflé ou caché.

Dans la deuxième partie de son article, l'auteur se met à la recherche des facteurs qui sont responsables de cet état de choses. Il note d'abord que le marché du travail au Canada se subdivise en plusieurs groupes hétérogènes, selon la position géographique, la compétence professionnelle, la condition démographique des participants servant de frontières entre les différents groupes. Les jeunes font rarement concurrence aux gens de quarante ans pour des emplois de même nature. Le marché du travail se subdivise également selon l'âge, le sexe et le degré d'instruction. Les occasions d'emploi qui s'offrent aux diplômés d'université diffèrent beaucoup de celles qui se rapportent aux *drop-out*.

Il faut noter aussi que les demandeurs d'emploi ne postulent qu'un nombre limité de postes, ceux qui sont vacants ou nouvellement créés. Les travailleurs adultes ne sont pas tellement des chasseurs d'emploi, mais au contraire, il y a toujours un nombre considérable de jeunes en quête de travail, d'où une part considérable de chômage frictionnel dans cette catégorie. Aussi la plupart des personnes qui pénètrent pour la première fois sur le marché du travail sont-elles durement touchées pendant la période d'adaptation. Il n'est pas étonnant que l'on trouve chaque mois nombre de jeunes inscrits aux centres de main-d'œuvre. Rien de tel parmi les groupes plus âgés. Aussi, la période de transition entre l'école et l'usine ou le bureau explique-t-elle dans une bonne mesure le taux élevé du chômage chez les adolescents. Le temps moyen que ceux-ci consacrent à la quête d'un emploi est de huit semaines, alors qu'il s'établit à deux pour les autres catégories. Il y a aussi nombre de jeunes qui sont à la recherche d'emplois à temps partiel. Ceux-ci font nombre dans les statistiques sur le chômage. De même, le taux d'abandon est-il élevé chez les jeunes travailleurs. Il s'agit pour eux en quelque sorte d'une période d'expérimentation, et ce n'est qu'en ce faisant qu'il leur est possible de dénicher des emplois satisfaisants. Au fond, ils manquent de contacts et de l'expérience qui leur permettraient de décrocher un emploi plus rapidement. Enfin, étant donné la hiérarchie verticale des postes, les nouveaux employés sont-ils assignés à des tâches secondaires, ce qui est une explication valable du taux d'abandon. Même en période de croissance, les jeunes ont tendance à abandonner leur emploi beaucoup plus que les adultes. Si le taux de chômage chez les adultes est de trois pour cent, il sera au minimum de 1,5 de plus chez les jeunes. Donc, quatre caractéristiques à retenir : le grand nombre des nouveaux venus sur le marché du travail, la recherche d'emplois à temps partiel, un taux d'abandon élevé et des techniques de recherche d'emploi inefficaces.

L'objet principal de cet article a donc été de faire ressortir le problème du chômage des jeunes, problème qui a persisté tout au long de la période d'après-guerre. Il s'agit là d'une question qui n'est pas propre au Canada, mais tout autant aux États-Unis. On ne peut pas attribuer le taux élevé de chômage uniquement au roulement de la main-d'œuvre. La mobilité d'une région à l'autre ne peut pas non plus être une solution valable pour ces groupes de travailleurs, parce que, dans leur cas, il y a partout excédent.

Donc, les jeunes gens semblent voués à souffrir du chômage chronique même lorsque l'économie fonctionne à plein rendement. On ne peut pas cependant ignorer ce malaise à cause des coûts personnels et sociaux qui accompagnent ce chômage. Il n'est pas impossible d'atteindre les mêmes objectifs qu'en Europe où les jeunes, grâce aux régimes d'apprentissage, entrent tout naturellement sur le marché du travail.

Même si un certain virement de main-d'œuvre est compréhensible et acceptable au sein de ces groupes, il faut prendre les moyens de réduire la durée du chômage entre chaque changement d'emploi. Ce sont là des responsabilités incombant à la fois aux pouvoirs publics et aux entreprises privées. On doit éviter une politique économique fondée sur l'alternance de la pression sur le frein et sur l'accélérateur, ce qui est très dommageable pour les jeunes travailleurs, parce qu'ils sont les derniers à être embauchés et les premiers à être mis en disponibilité. Enfin, on insistera jamais assez sur la nécessité de la formation en atelier qui permettra aux jeunes de prendre plus rapidement leur place sur le marché du travail.

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The Dimension of Canadian Youth Unemployment:

A Theoretical Explanation

Fred Lazar and Arthur Donner

This paper looks beneath the national unemployment numbers to examine in detail the dimension of Canada's youth unemployment problem. After an outline of the empirical dimensions of youth unemployment in Canada, a theoretical framework is set out to explain the particular characteristics of youth unemployment. Finally, some policy recommendations are presented.

INTRODUCTION

The unemployment rate is traditionally treated as a homogeneous variable from the point of view of policy-making¹. Occasionally, it is disaggregated into its regional components and the regional discrepancies uncovered become additional parameters that are taken into account in the formulation of national economic policy. Rarely, is the unemployment rate disaggregated beyond its geographic dimensions.

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¹ Attempts are frequently made to disaggregate the national unemployment rate into four distinct categories, namely, frictional, seasonal, structural, and cyclical unemployment. This is done in order to provide points of demarcation between the operation of general fiscal and monetary policy, and the operation of specific manpower programs.

Although one can reasonably question the reliability and quality of labour force data disaggregated beyond the geographical dimension, one should not allow this to limit the scope of the research. There is much at stake here, for a key element missing in our comprehension of the labour markets is the sorting out of complex interrelations among the various demographic and geographic sub-markets. For example, as Table 1 indicates, the finer the disaggregation of national unemployment numbers, the greater the dispersion and variability of unemployment rates.

TABLE 1

Range and Variance of Unemployment Rates ¹

	<i>National</i> ¹	<i>Region</i> ²	<i>Age-Sex</i> ³	<i>Region-Age</i> ⁴
Range	3.0-7.1	2.1-6.4	2.0-9.6	2.1-14.1
Variance	1.75	2.49	6.49	10.30
Coefficient of Variation	0.35	0.61	1.54	1.74

¹ Calculated for the period 1953 to 1970. Data used is in Table A in appendix.

² Calculated for the five regions in 1966. Data used is in Table B in appendix.

³ Calculated for age-sex groups in 1966. Data used is in Table A.

⁴ Calculated for region-age groups in 1966. Data is used in Table B.

Note : 1966 was chosen for the calculations because it was the only year in the 1960's that could be called a full-employment year. In full-employment years the dispersion in the separate unemployment rates is smallest.

This paper will look beneath the national unemployment numbers to examine in detail the dimension of Canada's youth unemployment problem. The reasons for concentrating on this particular group are three-fold. This group has always comprised a relatively large proportion of the total number of unemployed. As table 2 illustrates the population group 14 to 24 has comprised at least $\frac{1}{3}$ of the unemployed during most of the post-war period, even though they did not constitute more than 26% of the entire labour force at any time. During the past six years the unemployment proportion has been in excess of 40% and has risen in each year from 40.1% in 1966 to 46.4% in 1971 ; whereas, the labour force proportion has increased from 24.2% to 26.0%.

To some extent one may argue that these trends are a temporary consequence of the post-war baby boom. The data in table 3 provide some support for this position. For example, the size of the labour force aged 14 to 24 increased by approximately 27% between 1961 and 1966 and a further 25% between 1966 and 1971. The comparable growth rates

for the labour force aged 25 and over were 10.1% and 13.5% respectively ².

Nevertheless, high unemployment rates among the young cannot be explained fully by the post-war baby boom. Relatively high youth unemployment rates are a permanent feature of the Canadian economic environment.

Indeed, the unemployment rates for males 14-24 are currently (1971) just below the post-war highs reached during the recession in 1958. In only three of the past 18 years, has the unemployment rate of males 14 to 19 been below 10 per cent. Similarly, for teen-age females and males 20-24, their unemployment rates have been below seven per cent in only three years since 1958 ³. Finally, this composite group can be further disaggregated into four subgroups (males and females 14-19, males and females 20-24), each of which is usually treated as a homogeneous labour group because of data limitations.

TABLE 2

Labour Force Proportions, Unemployment Proportions, Unemployment Rates, Unemployment Ratios, Persons 14-24, Canada, Selected Years

	<i>Proportion of Total Labour Force</i>	<i>Proportion of Total Number of Unemployed</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate Ratio 14-24 to 25 +</i>
1971	26.0%	46.4%	11.4%	2.43
1970	25.6	45.3	10.4	2.36
1969	25.5	43.2	7.9	2.19
1968	25.2	42.7	8.2	2.22
1967	24.8	41.3	6.8	2.12
1966	24.2	40.1	6.0	2.14
1961	21.7	33.0	10.9	1.79
1956	22.5	34.5	5.2	1.79

Source : Calculated from Statistics Canada, *The Labour Force* (71-201), 1971.

² Since the youth labour force participation rate rose marginally during this period, their labour force increases reflected mainly population growth. For workers over 25, the increase in the labour force exceeded the actual population growth.

³ See Table A, in the appendix.

TABLE 3

**Labour Force Participation Rates, Labour Force Growth Rates,
by Age and Sex, Canada, Selected Years**

	<i>Participation Rates</i>			<i>Labour Force</i>	<i>Growth Rates over 5 year Period</i>	
	<i>1971</i>	<i>1966</i>	<i>1961</i>	<i>1971-1966</i>	<i>1966-1961</i>	<i>1961-1956</i>
Total : 14-24	50.7	49.3	49.2	25.1%	26.9%	8.7%
Males : 14-19	39.0	38.6	40.3	17.0	23.2	6.0
Males : 20-24	83.4	87.4	90.7	28.2	24.2	4.8
Females : 14-19	31.1	31.4	32.3	12.5	23.4	18.3
Females : 20-24	59.1	55.6	48.7	39.8	39.0	10.4
Total : 25+	58.3	57.2	55.6	13.5	10.1	14.0
Males : 25+	83.8	85.5	86.1	8.7	5.3	8.3
Females : 25+	33.7	29.8	25.5	27.1	26.4	38.1

Source : Calculated from Statistics Canada, *The Labour Force* (71-201), 1971.

Moreover, as table 4 highlights, none of the industrialized Western European countries, with the exception of Italy, experienced in 1968 as severe a youth unemployment problem as either Canada or the U.S. Thus, it would seem that a rate of youth unemployment far above that for adults is not inevitable in an industrialized society.

The attention focused on youth groups is not meant to downplay the incidence of unemployment among others, particularly the heads of households. Our intent is simply to help redirect the attention of policy-makers to the serious short-run and long-run employment difficulties encountered by the young.

This paper will first outline the empirical dimensions of youth unemployment in Canada. Then a theoretical framework will be set out to explain the particular characteristics of youth unemployment. The final part of this paper contains some policy recommendations.

FOUR OBSERVATIONS ON CANADA'S YOUTH UNEMPLOYMENT

Canadian Youth Experience a Consistently High Rate of Unemployment, Even When the Economy is at or Near Full Employment

Chart I dramatically illustrates that unemployment among three of the youth groups has been invariably high. Whatever the cyclical stage

TABLE 4

Unemployment Rates by Age and Sex Adjusted to U.S. Concepts in
7 Industrial Countries, 1968 : ¹

<i>Sex and age</i>	<i>United States</i>	<i>Canada</i>	<i>Great Britain</i>	<i>Italy</i>	<i>Japan</i>	<i>Sweden</i>	<i>West Germany</i>
MALE							
All ages	2.9	5.5	4.2	3.6	1.2	2.3	1.3
Teenagers ²	11.6	12.7	5.5	13.6	2.6	5.5	3.7
20- to 24-year olds	5.1	7.7	4.5	10.2	1.8	3.3	1.3
25- to 54-year olds	1.7	4.1	3.7	2.2	1.0	1.8	.9
FEMALE							
All ages	4.8	3.4	2.8	4.5	1.2	2.1	1.8
Teenagers ²	14.0	8.3	3.3	12.9	2.9	6.6	4.0
20- to 24-year olds	6.7	4.2	3.2	9.7	1.8	2.9	1.6
25- to 54-year olds	3.4	2.2	2.7	2.2	.9	1.6	1.4

¹ Annual averages, except for West Germany. The West German data relate to April, 1968.

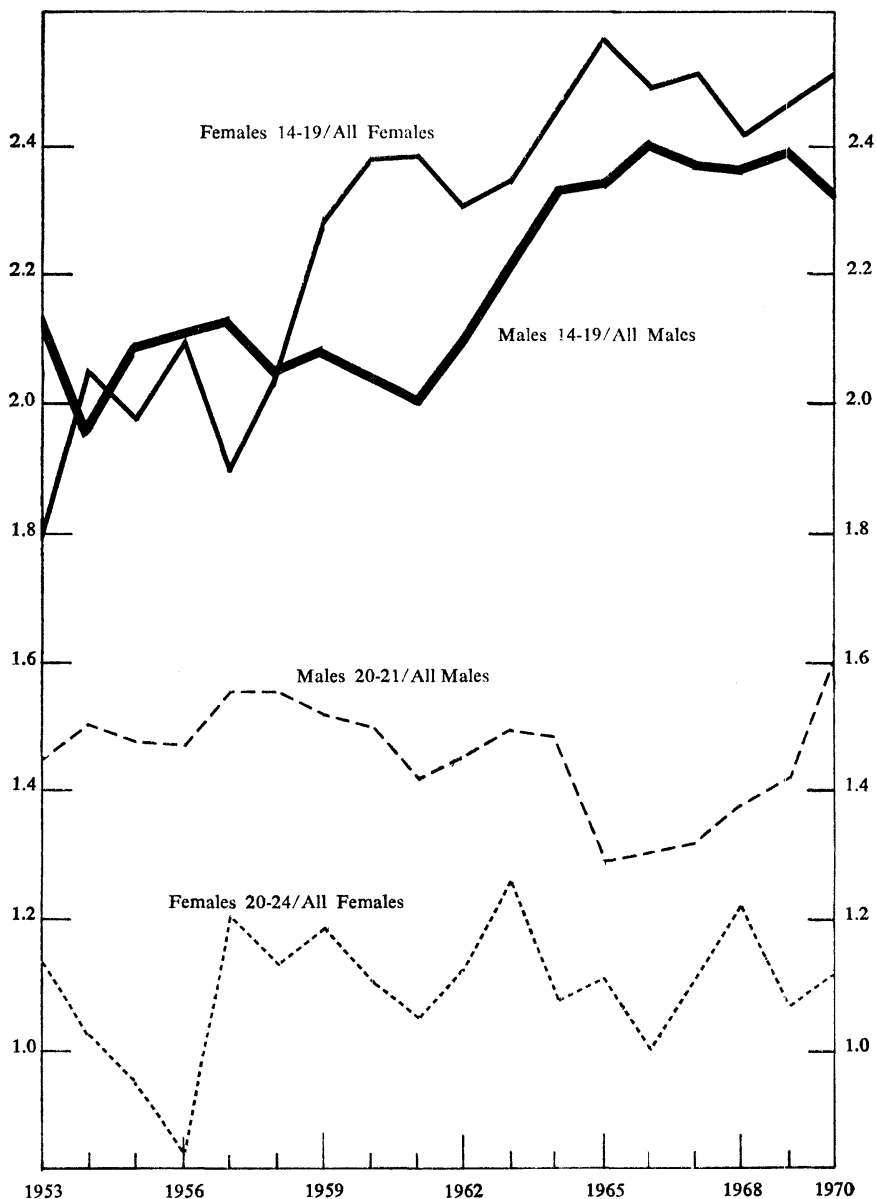
² 16 to 19-year olds in the United States and Sweden ; 15 to 19-year olds in Great Britain, Japan, and West Germany ; 14 to 19-year olds in Canada and Italy.

Source : U.S. *Monthly Labour Review*, September 1970, pp. 17.

of the economy, the unemployment rates of females 14 to 19 have been at least as high as the unemployment rates recorded for females ⁴. The same is true for their counterparts ; whereas the unemployment rates of males 20 to 24 have been approximately 1½ times as high as the average rate for all males. Only one youth group — females 20-24 — seems to have fared relatively well. Their unemployment rate fluctuated around the average female unemployment rate and measured under the national unemployment rate in every year since 1953. However, for this particular group, volatile labour force participation behaviour obscures the true dimension of their unemployment picture.

⁴ We do not want to imply that the macroeconomic forces have no effect on the unemployment ratios. As the following regression results (using quarterly seasonally-adjusted data) indicate, the cyclical variable — the unemployment rate of persons 25 years of age and over — has a statistically significant effect on each of the four unemployment rate ratios. The dependent variables in the following regressions are ratios of one particular youth group's unemployment rate to the unemployment rate of persons twenty-five years of age and over. The time trend variable takes on a value of one in 1955, and increases to 15 in 1969. (suite p. 301)

CHART I UNEMPLOYMENT RATE RATIOS
YOUTH GROUP



Source : Appendix Table A

The Cyclical Variation of Youth Unemployment Exceeds All Other Groups in the Labour Force :

Despite the appearance of parallel movements of various « age-sex » unemployment rates, those of the youth groups exhibit the largest cyclical variability. Even though youth unemployment rates are inevitably high, the rates increase considerably during cyclical downswings. In other words, the incidence of decreased job opportunities which accompany an economic decline, and its concomitant increased unemployment falls most heavily on young persons — in particular, teen-agers. For example, from the boom year 1956 to the recession year 1958, the unemployment rates of males 14 to 19, 20 to 24, 25 to 34, and 35 to 44 increased by 8.6, 7.0, 4.3, and 3.1 percentage points respectively ^{5, 6}.

$$(1) \frac{U_{M\ 14-19}}{U_{25+}} = 2.989 - \frac{10.103}{(36.83)} U_{25+} + \frac{2.157}{(0.93)} \Delta U_{25+} + \frac{0.0505}{(13.30)} \text{Time}$$

$$\frac{R^2}{R^2} = 0.934 \quad DW = 1.783 \quad Pd: 1955 - 1969$$

$$(2) \frac{U_{M\ 20-24}}{U_{25+}} = 1.859 + \frac{4.016}{(16.71)} U_{25+} + \frac{1.428}{(1.67)} \Delta U_{25+} - \frac{0.0002}{(0.45)} \text{Time}$$

$$\frac{R^2}{R^2} = 0.654 \quad DW = 1.471 \quad Pd: 1955 - 1969$$

$$(3) \frac{U_{F\ 14-19}}{U_{25+}} = 1.471 - \frac{12.705}{(11.99)} U_{25+} + \frac{2.708}{(-4.78)} \Delta U_{25+} + \frac{0.0820}{(0.77)} \text{Time}$$

$$\frac{R^2}{R^2} = 0.938 \quad DW = 1.720 \quad Pd: 1955 - 1969$$

$$(4) \frac{U_{F\ 20-24}}{U_{25+}} = 0.779 - \frac{5.489}{(12.01)} U_{25+} + \frac{3.446}{(-3.91)} \Delta U_{25+} + \frac{0.0284}{(1.86)} \text{Time}$$

$$\frac{R^2}{R^2} = 0.865 \quad DW = 1.815 \quad Pd: 1955 - 1969$$

Further, these results suggest that at full employment (a national unemployment rate of 3.5 per cent), the unemployment rates of (i) males 14-19 are approximately 2.7 times as high as the rate for persons 25 years of age and over; (ii) males 20-24 are approximately 1.9 times as high; (iii) females 14-19 are approximately 1.1 times as high, and (iv) females 20-24 are approximately 0.6 times as high.

⁵ For the corresponding female age groups the increases were 3.4, 2.3, 1.3, and 1.2 percentage points.

⁶ See Table A in Appendix.

Disproportionate increases in unemployment rates were repeated again during the years 1966 to 1970. During this period, the unemployment rates of males 14 to 19, 20 to 24, 25 to 34, and 35 to 44 increased by 5.4, 5.2, 2.3, and 1.8 percentage points respectively⁷. In economic recoveries, the youth groups gain the most. For example, between 1961 and 1966, the unemployment rates of males 14 to 19, and 20 to 24 declined by 7.0 and 6.6 percentage points respectively, compared to declines of 5.0 and 3.7 percentage points in the unemployment rates of males 25 to 34, and 35 to 44.

The figures in table 5 lend further support to these observations. In each sex group, the variance of unemployment rates during the period 1953 to 1970 is highest for the age groups 14 to 19 and 20 to 24⁸.

TABLE 5

Variance of Unemployment Rates by Age and Sex¹

	<i>Males</i>					<i>Females</i>				
	<i>All</i>	<i>14-19</i>	<i>20-24</i>	<i>25-34</i>	<i>35-44</i>	<i>All</i>	<i>14-19</i>	<i>20-24</i>	<i>25-34</i>	<i>35-44</i>
Variance	2.16	7.70	5.78	2.42	1.37	0.47	3.86	0.70	0.19	0.25
Coefficient of Variation	0.38	0.62	0.69	0.48	0.32	0.16	0.55	0.21	0.08	0.13

¹ Variance calculated from data in table A in the Appendix.

The Ratio of the Youth Unemployment Rate to the National Unemployment Rate Has Increased During the Latter Part of the 1960's, Reflecting a General Deterioration in Their Employment Prospects

The regression results reported in footnote 4 detected this deterioration in the unemployment prospects for males and females 14 to 19 and females 20 to 24 during the period 1955 to 1969. Only the relative unemployment position of males 20 to 24 improved during the 1950's and

⁷ For the corresponding female age groups, the increases were 4.9, 2.5, 2.0 and 1.0 percentage points.

⁸ A previous study by the authors (Donner and Lazar [4]) arrived at a similar conclusion; that optimal labour stocks have a larger amplitude for the younger, less skilled workers.

1960's⁹. These results suggest that just maintaining a national full employment rate (with its corresponding unemployment rate of 3½ per cent) will not ensure relative or absolute employment stability for young workers. Ironically, as Table 6 reveals, if full employment were to be achieved in the near future, and if the structure of our economy were to continue developing as it has during the 1960's, the unemployment rates of males 14 to 19 and females 14 to 24 would continue to increase.

Year	Percentage of total number of unemployed between the ages of 14 and 24	Proportion of total population 14 years of age and over between ages of 14 and 24	Labour Force participation rates of persons 14 to 24 years of age	School participation rates of persons 14 to 24 years of age *
1955	35.1	22.8	53.0	
1961	33.0	23.9	49.2	31.1
1969	43.2	28.4	50.1	33.9

Note : 12-month averages are used in the calculation of the various ratios.

* Source : Statistics Canada, Unpublished Data.

TABLE 6

Youth Unemployment Rates During a Prolonged Period of Full Employment *

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>
MALES						
14-19	10.78	10.94	11.09	11.24	11.39	11.54
20-24	5.95	5.95	5.95	5.95	5.95	5.95
FEMALES						
14-19	7.73	7.97	8.22	8.47	8.71	8.96
20-24	3.38	3.46	3.55	3.63	3.72	3.80

* These unemployment rates were calculated from the regression equations reported in Footnote 4 assuming the unemployment rate of persons 25+ to be 3.0 per cent.

⁹ This general erosion is somewhat visible in Table 2. The proportion of unemployed members of the labour force that are between the ages of 14 and 24 has increased from a post-1953 low of 33 per cent in 1961 to a 1971 high of 46.4 percent. Undoubtedly, some of the longer-run employment deterioration is related to the aftermath of the baby boom of the 1950's; however, when the increases in school participation that also took place during the 1960's, and the consequent dampening effect on labour force participation are considered, this trend becomes all the more disturbing.

What is distressing about these deteriorating trends is that in the latter half of the 1960's males 14 to 19 and females 14 to 24 appear no more qualified for the available positions despite their higher education levels. These trends *suggest* that the educational requirements for our increasingly technocratic society are advancing so rapidly that the high school diploma and possibly the general B.A. are becoming obsolete. More discouraging is the implication that massive expenditures on all forms of education during the 1960's and the concomitant increasing level of educational attainment of the new entrants has done little to alleviate the unemployment problem of the young. Furthermore, it is possible to *speculate* that the form of education that students are presently receiving within our system may have little or no relationship to the actual work-experiences they are likely to encounter.

If Proper Cognizance Were Taken of Young Persons Who Become Discouraged Searching for Jobs and Who Withdraw From the Labour Force, the True Dimensions of the Unemployment Problem Among Youth Would Stand Out Even More Dramatically.

In other words, labour force survey data seriously understate the magnitude of youth unemployment. Even the relatively low June 1971 unemployment rate for females 20 to 24 would be considerably inflated.

Conceptually, the forces at work may be placed in two categories; the discouraged worker effect and the added worker effect¹⁰. Most observers of the youth labour market accept the proposition that the impact of the latter effect, when the economy slows, is numerically small on youth labour force participation¹¹. However, the former effect is quite important¹².

¹⁰ See DERNRURG and STRAND [3], BOWEN and FINEGAN [2], and OFFICER and ANDERSON [9].

¹¹ See the results of Donner and Lazar [5].

¹² The following labour-force participation regression equations support the predominance of the discouraged worker effect over the additional worker effect for the youth groups in Canada :

$$(1) \quad \begin{array}{lcl} \text{LF M 14-19} & = & 0.5458 - 0.8773 U_{25+} - 0.0090 \text{ Time} \\ \text{P} & & (36.51) \quad (-2.81) \quad (-13.01) \\ \bar{R}^2 & = & 0.914 \quad DW = 0.604 \quad Pd: 1955 - 1969 \end{array}$$

$$(2) \quad \begin{array}{lcl} \text{LF M 20-24} & = & 0.9340 - 0.3983 U_{25+} - 0.0089 \text{ Time} \\ \text{P} & & (173.94) \quad (-3.42) \quad (-22.06) \\ \bar{R}^2 & = & 0.970 \quad DW = 2.351 \quad Pd: 1955 - 1969 \end{array}$$

When economic activity in Canada slackens and job opportunities dwindle, a large number of young persons, in particular females, withdraw from active participation in the labour force. Some of these young persons return to school, but most are classified by Statistics Canada terminology as retired, that is, neither working nor seeking work. This latter group constitutes the disguised or hidden unemployed. In order to become more familiar with the relative magnitude of hidden unemployment among youth, we estimated what the unemployment rates would be if statistical adjustments were made for the disguised component. These estimates are presented in Table 7.

TABLE 7

The Understatement of Youth Group Unemployment Rates

		<i>National Unemployment Rates :</i>							
		3.5% *	4.5% *	5.5% *	6.6% * (Dec. 1970)				
		<i>Calculated Youth Unemployment Rates :</i>							
Males	14-19	9.59 ^a	11.17 ^b	12.12 ^a	15.19 ^b	14.57 ^a	19.04 ^b	16.03 ^c	22.2 ^b
Females	14-19	6.83	7.19	8.49	9.21	10.02	11.09	12.50	14.0
Males	20-24	5.19	5.45	6.86	7.39	8.66	9.43	11.96	13.0
Females	20-24	3.00	4.04	3.76	5.86	4.48	7.59	5.01	9.2

* Rates for the first three columns are arbitrary.

^a Calculated youth group unemployment rates associated with a given national rate.

^b Calculated unemployment rates including estimates of the disguised element at a given national rate

^c Actual unemployment rates, December, 1970.

Source : These data were calculated from regression equations in footnote 4 and footnote 12.

As might be expected, hidden unemployment among youth becomes more serious as general economic conditions deteriorate. The inclusion of disguised unemployment increases the unemployment rates of males

$$\begin{aligned}
 (3) \quad \frac{LF}{P} \quad F \quad 14-19 &= 0.3400 - 0.0986 U_{25+} - 0.0019 \text{ Time} \\
 &\quad (37.75) \quad (-0.53) \quad (-4.59) \\
 \bar{R}^2 &= 0.544 \quad DW = 0.817 \quad Pd: 1955 - 1969
 \end{aligned}$$

$$\begin{aligned}
 (4) \quad \frac{LF}{P} \quad F \quad 20-24 &= 0.4771 - 1.0358 U_{25+} + 0.0079 \text{ Time} \\
 &\quad (31.16) \quad (-3.34) \quad (11.16) \\
 \bar{R}^2 &= 0.897 \quad DW = 0.922 \quad Pd: 1955 - 1969
 \end{aligned}$$

14 to 19 and females 20 to 24 in our calculations by as much as six and four percentage points respectively when the national unemployment rate exceeds six per cent.

THE THEORETICAL FRAMEWORK

Introduction

The previous discussion of the youth labour markets highlighted several features pertinent to youth employment.

1. Canadian youth experience a persistently high rate of unemployment, even when the economy is at or near full employment.
2. The cyclical variation of youth unemployment exceeds all other groups in the labour force.
3. The ratio of the youth unemployment rate to the national unemployment rate has increased during the latter part of the 1960's, reflecting a general deterioration in their employment prospects.

There appears to be several key factors which account for these observations. Essential to the explanation is that the national labour market consists of many heterogeneous groups. These different markets are distinguished by location, skills and other characteristics of the participants. Since demographic characteristics appear to provide boundary lines for skill levels, it is not surprising that the market for youth labour is segmented from the rest of the labour market¹³. Sixteen year olds rarely compete for the same jobs with forty year olds. The youth market is even differentiated within itself on the basis of age, sex, and education. The employment opportunities open to a university graduate are very different from those available to a high school drop-out.

The demands for various labour services, however, are interrelated, and unemployment rates in these separate markets tend to move in a parallel manner. This coincidence of unemployment response to national economic activity suggests considerable interaction among these heterogeneous groups. Thus, segmentation of the markets has not insulated unemployment rates of the young from changes in economic policy.

¹³ Indeed, in a previous paper (4) the authors concluded that the age groupings 14-19, 20-24, 25-54, 55-64 are rather good proxies for skill levels in both female and male labour forces.

Relatively High Youth Unemployment Rates

Even when the economy operates at full employment, the unemployment rates of males 14 to 19, males 20 to 24, and females 14 to 19 tend to be far in excess of the national rate. To a large extent this situation is accounted for by the presence of a much larger proportion of frictional or voluntary unemployment within these groups ¹⁴.

Job seekers normally have access to only a limited number of jobs — those which have been newly vacated or created. Most adult workers maintain relatively stable employment relationships and except when laid off, seldom appear as unemployed job hunters. In contrast, there is a large, continual, voluntary inflow of young persons into the job-hunting market. Thus, in considering generally high unemployment levels among youth an allowance should be made for the fact that the frictional component of their total unemployment is higher than for the average adult worker.

Most new entrants into the labour force pass through a stage of unemployment during their period of job search. Each year, a substantial number of teen-agers and young adults enter the labour market for the first time. Thus, each month, there exists a significant flow of young persons into the unemployment pool. This flow has no counterpart among the older age groups. The concentration of the transition period from school to work would in the teen-age or adolescent years account for part of the relatively higher youth unemployment rates. For example, if in a particular month one per cent of the labour force between the ages of 14 and 24 consists of new entrants into the market place and each month these new entrants spend an average of eight weeks searching for their first job, then the unemployment rate for this age group will be two percentage points higher than for the older age groups.

There are always students who are looking for part-time work, for a day or a weekend, for a few hours each day after classes, or for a few months during their holidays. These individuals are counted in our labour

¹⁴ HALL, Robert arrived at a similar conclusion in his recent study. « It is important to note that if my assumptions are anywhere near the truth, the differential between the unemployment rates of teen-agers and adults among white males are a normal consequence of the process of looking for jobs and are not an indication of a special problem for teen-agers. » Hall [7]) p. 392.

force statistics as unemployed¹⁵. This search by students for part-time employment augments the regular flow of young persons into the pool of unemployed.

As previously noted, teen-agers and young adults who are out of school and employed full-time likely have high quit rates¹⁶. Since they are not yet fully committed to full-time, year-round wage earning and, in most cases, they have not developed significant vested interest in a job (e.g. pension rights and seniority), it is natural to expect considerable employment experimentation by young persons. Only in this way can they achieve, in the long run, the most satisfactory employment opportunity.

This suggests that the young lack adequate formal and informal contacts for job-seeking which emerge only with experience. They discover that their initial and succeeding job contacts rarely match up with their training, education or aspirations. Moreover, since employers arrange jobs in vertical hierarchies, new employees are generally assigned to the unskilled or bottom jobs and must work their way through these hierarchical structures.

Consequently, young employees at lower levels often find their creativity and initiative stifled. As a result, it is understandable why new workers tend to leave new jobs after short stays¹⁷.

In order to translate youth's greater propensity to quit into concrete numbers, let us assume that when the economy is operating near full employment young persons tend to quit their jobs 50 per cent more

¹⁵ The inclusion of unemployed part-time student workers in the same category as unemployed full-time members of the labour force is required in order to be objective in the construction of labour force data.

¹⁶ We are forced to speculate on the relative magnitudes of quit rates due to the absence of any such data in Canada.

¹⁷ The negative attitudes of young people toward work are often mentioned as a prime reason for their high youth quit rates and high unemployment. They are supposed to hold unrealistic expectations with respect to wages, hours, working conditions and responsibilities. However, a U.S. study based on data from an October, 1969 survey has indicated that young people are strongly work oriented and fairly realistic in terms of their wage expectations. « The proportion of unemployed youth who turn down jobs is relatively small, and they most often do so for generally acceptable reasons. Similarly, although the proportion of unemployed youth who quit jobs is high, most do not leave because of unwillingness to adapt to the work regimen or unrealistic expectations. » (*Manpower Report of the President* [14]).

often than the adult workers. If the unemployment rate of the adult labour force is at approximately three per cent, then the unemployment rate of youth will be at least 1.5 percentage points greater.

In addition, the average time spent in active search for a job by young persons (who have voluntarily quit their job or who are recent entrants into the labour market) tends to be longer than the average search time of adults who have quit their jobs. Frequently, adults who are dissatisfied with their employment look for another job while they are still employed, and only quit after having arranged for a new job. On the other hand we suspect that youths often quit their jobs prior to finding another job. A difference of only one to two weeks in the amount of time spent searching for a job can produce unemployment rates for youth that are one to two percentage points greater than those for the adult groups.

The longer average durations of unemployment experienced by the young are one reflection of their inefficiency in the job search process. This inefficiency is a direct function of the relative immaturity of youth and the resulting inadequate use of the formal and informal channels that can ameliorate their difficulties during the job search process. The Economic Council has stated that « young workers ... are more likely to use friends and relatives »¹⁸ to find employment.

Taken together the above characteristics — (1) a high incidence of new entrants; (2) the inclusion among the unemployed of part-time workers whose primary activity is going to school; (3) a high propensity to « job-hop » and « shop around », and (4) inefficient job search techniques—result in teen-agers and young adults accounting for a disproportionate share of job hunters. The total effect of these four factors account for most of the discrepancies between the unemployment rates of the four youth groups and the unemployment rates of persons 25 and over.

U.S. data on the reasons for unemployment « show that in 1971 the proportion of the teenage labor force unemployed because of job market entry and reentry was over 12 percent, out of an overall youth unemployment rate of 16.9 percent and in contrast with only 1.6 percent of all adult workers. Unemployment for other reasons — i.e., layoffs and quits

¹⁸ Economic Council of Canada [12], p. 177.

— was only moderately higher for youth than adults »¹⁹ as table 8 shows.

Although Canadian labour force data are not as comprehensive as U.S. data, it is possible to detect a similar pattern for Canadian youth. In a study based on a special labour force survey conducted in 1964, Frank Whittingham and Bruce Wilkinson [15] detected a considerable variation in the extent of labour-force turnover between age-sex groups in the population. « Because there is continual movement into and out of the labour market, the total number of people who have had some labour force experience over the year is always greater than the number in an average month . . . The difference between these two estimates reflects the turnover in the working population as a whole over the course of the year ». ²⁰. An examination of table 19 reproduced from their study indicates that within each sex group, teenagers followed by young adults, have the largest percentage difference between the annual labour force and the total number of persons with work experience. This, in turn, reflects a higher degree of labour turnover among youth.

TABLE 8

Reasons for Unemployment, United States, 1971

<i>Reason for unemployment</i>	<i>Unemployed as percent of civilian labor force, 1971</i>	
	<i>Persons 16 to 19 years old</i>	<i>Persons 20 years old and over</i>
Total.....	16.9	4.9
Lost job	3.1	2.7
Left job	1.6	.6
Reentrant	5.5	1.4
New entrant	6.7	.2

Source: Manpower Report of the President, Wash. G.P.O., 1972.

In addition, the monthly labour force surveys indicate that new entrants' unemployment accounts for a significant proportion of youth unemployment.

¹⁹ *Manpower Report of the President* [14].

²⁰ WHITTINGHAM and WILKINSON (15), p. 7.

Column 1 in table 10 reveals that unemployed workers without previous work experience have formed an increasing proportion of the total pool of unemployed ²¹.

TABLE 9

**Annual Labour Force and Annual Average Labour Force,
by Age and Sex, Canada, 1964**

<i>Sex and Age</i>	<i>Annual</i> ¹	<i>Annual Average</i> ²	<i>Percentage difference</i> ³
<i>(estimates in thousands)</i>			
Both sexes	7,732	6,920	11.7
Male :			
14 - 19 years	524	391	34.0
20 - 24 years	633	567	11.6
25 - 44 years	2,316	2,289	1.2
45 - 54 years	966	946	2.1
55 - 64 years	626	595	5.2
65 years and over	209	171	22.2
Totals	5,274	4,959	6.3
Female :			
14 - 19 years	401	296	35.5
20 - 24 years	425	338	25.7
25 - 44 years	936	754	24.1
45 - 54 years	428	351	21.9
55 - 64 years	213	175	21.7
65 years and over	55	46	19.6
Totals	2,458	1,960	25.5

¹ The annual labour force estimates are derived from the Work Patterns Survey recording the work experience of persons over a twelve-month period.

² The annual average labour force estimates are derived from the twelve *Monthly Labour Force Surveys* recording the activity of persons in a specific week.

³ The difference between the estimates expressed as a percentage of the annual average estimate.

Source : F. J. WHITTINGHAM and B. W. WILKINSON, *Annual Work Patterns of the Canadian Population*, 1964. Ottawa, Queen's Printer, April, 1967, Table 1, p. 7.

²¹ Not all unemployed new entrants into the labour force are between the ages of 14 and 24. However, since an overwhelming majority originate from the youth population, no serious errors or distortions are likely to arise by assuming that all unemployed job seekers who have never worked before are youths.

Column 3 indicates that the unemployment experience of new entrants has contributed at least 1.5 percentage points and as much as 2.9 percentage points to the unemployment rate of youths. Although the absolute and relative amounts of unemployment accounted for by new entrants is less in Canada than in the U.S. (see table 8), it still comprises a significant component of overall Canadian youth unemployment. Column 5 shows that approximately one quarter of total youth unemployment stems from the job search process of new entrants. This type of unemployment contributed 0.8 percentage points to the national unemployment rate in 1971.

TABLE 10

The Effects of Unemployed Persons with No Work Experience on Unemployment Patterns of Youth, Canada, 1961, 1966-1971

	<i>Proportion of Total No. of Unemployed that never worked</i>	<i>Total No. of Unemployed that never worked</i>	<i>Unemployment Rate, Persons 14-24 excluding those who have never worked</i>	<i>National Unemploy. Rate, excluding those who have never worked</i>	<i>Unemployed with no work experience as proportion of total no. of unemployed youth</i>
1961	7%	33,000	8.7% (10.9%) ¹	6.7% (7.12) ²	21.4%
1966	10	27,000	4.5(6.0)	3.2(3.6)	25.2
1967	10	32,000	5.2(6.8)	3.7(4.1)	24.6
1968	10	38,000	6.4(8.2)	4.4(4.8)	23.3
1969	12	46,000	5.9(7.9)	4.1(4.7)	27.9
1970	13	64,000	7.7(10.4)	5.2(5.9)	28.6
1971	13	72,000	8.5(11.4)	5.6(6.4)	28.1

¹ Unemployment Rate, Persons, 14-24, Unadjusted.

² National Unemployment Rate, Unadjusted.

Source : Various issues of DBS, *Monthly Labour Force Surveys*, publication no. 71-001.

Higher turnover alone does not explain the entire story. In 1966, a year of overall full employment, one would expect youth unemployment to be primarily frictional. The analysis is not that simple. For the older groups, 20 to 24, the unemployment rates (5.3 per cent for males and

2.6 per cent for females) probably measured fairly close to the « normal » or frictional level of unemployment. However, the other groups, the teenagers, had rates of unemployment (9.6 per cent for males and 6.4 per cent for females) far in excess of the rates which would accord with the hypothesis that the unemployed are making a normal transition from one job to a better one. There appears to be an additional component of abnormal unemployment among this group²².

There is probably a significant number who have quit school before completing their secondary education. These individuals display a rather tenuous attachment to work. They tend to exhibit what seems to be a

CHART 2 GROUP ELASTICITY (E^D) AND VARIANCE OF UNEMPLOYMENT RATE

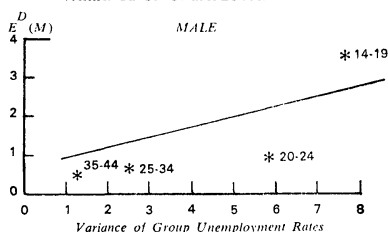


CHART 3 GROUP ELASTICITY (E^D) AND VARIANCE OF UNEMPLOYMENT RATE

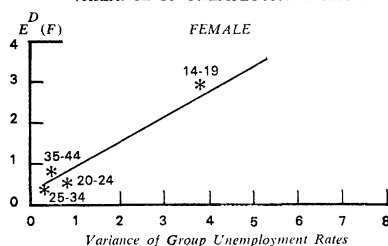


CHART 4 GROUP ELASTICITY (E^D) AND AGE

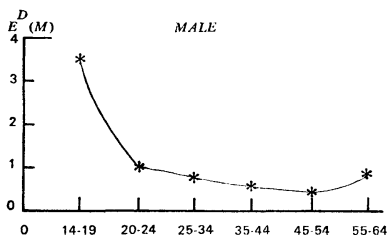
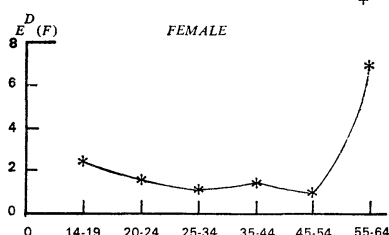


CHART 5 GROUP ELASTICITY (E^D) AND AGE



²² Hall argues « that the problem of hard-core unemployment at full employment is not so much that there are individuals who are permanently out of work as that there are many workers who move more frequently from job to job without advancing their careers. » Hall [7], p. 393.

startling inability to hold a job. They do not follow definite careers but change frequently and erratically from one low-paying, unpleasant job to another, (often several times a year) experiencing unemployment with most changes. This excessive « job-hopping » by these « drop-outs » manifests itself in poor work habits.

Most « drop-outs » who enter the labour force do not have a « saleable skill ». That is, they lack the education and skills required for an increasingly competitive and technological society or, more recently, are judged by employers to lack the paper certification this new era demands. Thus they are faced with the most unskilled, unpleasant and degrading jobs available in our economy ; essentially, dead-end jobs that promise little hope for advancement. Many of these same persons did not have previous exposure to the world of work and thus lacked the basic preparation required for participation in the work force. As a result, they are unable to cope effectively with the problems they encounter in their search for employment and the problems they face in the quality of work they undertake. This inability to find suitable employment and the corresponding inability to handle the ensuing difficulties have mutually reinforcing, negative effects on the development of a young person's work habits.

Most of this « disadvantaged » group of young people are representative of the conditions of structured poverty and marginal employment in the traditionally poorer areas in Canada (both urban and rural). The concentration of poor people in particular areas may impose an accumulation of mutually reinforcing social handicaps upon all who reside in these areas. It is the presence of this group of under-educated and poorly motivated young persons that makes it socially, economically and politically unacceptable to dismiss the fact that the unemployment rates of youth are invariably high.

Cyclical Variability in Youth Unemployment

The queue hypothesis can account for the phenomenon that the unemployment rates of the young fluctuate more widely over the business cycle than the unemployment rates of prime age workers. According to this hypothesis firms adjust to an economic downswing by becoming highly selective and raising hiring standards. Through a series of displacements of workers, firms can increase the average quality of workers in each skill

category. Some of the displaced workers in the higher skill categories are down-graded to lower-skill jobs, creating further displacements lower down in the firm hierarchy. The successive bumping effect shifts down through the skill hierarchy of jobs and results in relatively greater unemployment in the low-skill categories or entry-level jobs.

The competition for jobs in the internal job market within firms is based, to a large extent, on seniority. There are a few entry portals for « outsiders » into this internal market. Entry jobs, through, are usually at the lowest skill levels in each of the occupation ladders in this internal job structure. Since young employees are most likely to be the newest entrants, they tend to be concentrated in the low-skill entry jobs.

In many industries, teen-agers and young adults are relatively lower quality workers, even in entry level jobs. In addition, since young workers, and especially teen-agers, have high turnover rates, their employment frequently involves above average outlays for scheduling, recruiting, hiring and training. Federal and provincial minimum wage laws establish a floor under money wages. « Community attitudes on what constitutes an acceptable wage in government or the corporate sector may also help establish a wage floor » ²³. These « legal and social sanctions may prevent youth wages from falling sufficiently to fully offset (their) lower productivity or higher non-wage labour costs » ²⁴. Thus, whenever we experience an economic decline, and rising unemployment produces a supply of adult and youth labour that is relatively elastic at the going wage, employers will prefer to retain their adult employees to fill the entry-level jobs. Consequently, this hypothesis predicts that the young will become increasingly concentrated among the ranks of the unemployed in an economic decline.

In the upswing, firms adjust by relaxing hiring standards and upgrading workers to higher skill jobs. As full employment is approached employers will find it increasingly expensive to insist upon adult workers, since this insistence will involve either longer durations for unfilled vacancies, paying overtime or bidding up wages. As a result, the proportion of young persons employed rises sharply as full employment is approached. Increases in the over-all demand for labour will then favourably affect youth employment, at least after some critical threshold ²⁵.

²³ KALACHEK, Edward [13], p. 5.

²⁴ *Ibid*, p. 9.

²⁵ The queue hypothesis offers a LIFO (last in-first out) explanation for employment patterns of workers with low skills. Oi's hypothesis [10], on the other hand, provides a FIFO explanation (first in-first out).

Charts 2 to 5 are presented at this stage to support some of the above arguments. Charts 4 and 5 plot estimates of elasticities of demand for various age groupings. These charts exhibit that, for both sexes, the youth groups face the most volatile employment response over the business cycle, i.e. the elasticities of demand are higher for members of the labour force between the ages of 14 and 24.

Charts 2 and 3 plot the elasticities of demand estimates against the estimates of the variances of the unemployment rates for the various age groupings²⁶. The straight lines in these charts represent the ordinary least squares regression relationships. The shape of the scatter of points and the corresponding regression lines in these two charts reveal the direct link between group elasticity of demand and the variance of group unemployment.

Relative Deterioration in the Employment Prospects of Young People

The deteriorating employment trends for males 14 to 19, and females 14 to 24, are probably caused by the combination of a relative decline in the aggregate demand for persons without developed skills — unfortunately teen-age entrants into the work force figure largely in this group and a relative increase in the supply of young, unskilled workers²⁷.

On the demand side, we can conceive of three sources of increased demand for skilled workers: « (1) It may just happen that goods that have an income elasticity higher than one have on average a higher skill content embedded in them than do goods whose income elasticity is less than one. » (2) It may be that... technical change has been on the average « skill using » and « unskilled labour saving ». (3) It is possible and plausible, that physical capital is more complementary with skilled than with unskilled labour. Since physical capital has been growing at a higher rate than the labour force, this would imply also a growth in the relative demand for skilled labour²⁸. The supply side is simply reflecting the rapid rate of population growth during the late '40s and early to mid-

²⁶ These estimates were derived in an earlier study by the authors Donner and Lazar [4], p. 16. They are only meant to be indicative or relative magnitudes.

²⁷ In a previous study we detected that technical change has not been neutral between skill classes — there has been a larger decline in labour production coefficients for the least skilled workers, 14-24 year olds and 55-65 year olds. Donner and Lazar [4].

²⁸ GRILICHES [6], p. 44.

50s. This interaction of unfavourable demand and supply factors is probably further aggravated by the periodic increases in the minimum wages.

CONCLUDING COMMENTS

The main thrust of this paper has been to highlight Canada's youth unemployment problem, a problem that existed throughout the entire post-war period²⁹. The persistence of high unemployment among the young, as well as wide cyclical variation in employment is not unique to Canada but rather is a North-American phenomenon, partly explained by the way firms respond to skill level employment targets, and also by entry into the labour market and job turnover among the young³⁰.

The traditional diagnosis of persistent high unemployment rates as being symptomatic of the presence of labour market bottlenecks may also play a role in this case. The high unemployment rates of teen-agers in 1966 may not be completely attributable to high job turnover. Abnormal employment behaviour of a particular segment of the teen-age labour force may not entirely explain the residue of their high unemployment. Thus, it is conceivable that the teen-age unemployment rates cannot decline to their pure frictional levels even with a strongly expansionary policy because of the appearance of shortages of skilled labour and the concomitant production bottlenecks.

Normally, one should expect the market system through its own corrective devices to alleviate such imbalances between different groups of labour. The market theory is rather well known. In essence, it predicts that different labour markets, differentiated by age, sex, or location, should all equilibrate, through wage increases in those markets with shortages, and wage declines in markets with surpluses. Labour mobility between the markets would take care of the rest. This explanation does not fit the reality of the Canadian labour market.

Relative wage declines may stimulate demand in a perfectly competitive market. However, in segmented markets with non-competing

²⁹ Our research in this area pointed to one subject which deserves serious attention, that is the short- and long-run interaction between labour force participation and school participation. The dimensions of the problem were alluded to in the text, but there are many hypotheses to be explored. We hope to delve into this subject in future work.

³⁰ A serious data gap exists on the occupation and industrial distribution of youth labour. To some extent volatile short-run behaviour may reflect the occupation and industries available to new entrants, rather than skill level targets chosen by employers.

labour groups, the requisite labour substitution does not occur in the short run. Moreover, institutional practices — such as collective bargaining, minimum wage laws, and corporate personnel policies — prohibit wage reductions from being a meaningful way to obtain employment. Mobility from one region to another will not alleviate the problem either. The labour market for teen-agers in most regions has excess supplies of labour. Movement of a teen-ager from a region in which he cannot obtain employment to another in which he faces the same job situation is no solution.

Thus, young people appear almost predestined to encounter high endemic rates of unemployment even when the economy is at full employment. However, the extent of this malaise cannot be ignored, nor can the proposition that such unemployment is costless be accepted. There are high personal and social costs associated with unemployment. In our view, we should strive to attain the goal of high youth employment that occurs in Western Europe, where the young people coming out of school move fairly smoothly into either apprenticeship programs or regular jobs³¹. While voluntary turn-over is understandable and acceptable, we should strive to reduce the duration of unemployment associated with each spell of unemployment improving youth efficiency in the job search process.

The solution to dampening the cyclical variability of youth unemployment lies partly in the hands of the public authorities, and partly in the hands of the firms. The policy-makers should endeavour to smooth out their economic policy mix so that a full employment path of economic expansion may be re-attained. Stop-go economic policies work particular hardships on the youth groups, since they are last to be hired, and first to be fired. Thus, their stake in a smooth economic policy is self-evident.

Further, since part of the adjustment made by a firm to a relatively tight labour market for skilled and semi-skilled workers is to increase on-the-job training and accept workers for such training who fall below the usual minimum standards for inclusion in training programs, anti-cyclical government policy will not only reduce the disparities in unemployment rates but also be a boon to the unskilled and young employees; for their skills will be upgraded more rapidly and they will advance up the job ladder more quickly.

³¹ HALL, [7].

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APPENDIX : TABLE A
Age-Sex Breakdown of Unemployment Rates in Canada

Year	Nat'l	Males					Females				
		All	14-19	20-24	25-34	35-44	All	14-19	20-24	25-34	35-44
1953	3.0	3.4	7.2	4.9	3.1	2.5	1.6	2.9	1.9	1.4	1.1
1954	4.6	5.1	10.1	7.7	4.8	3.8	2.6	5.3	2.6	2.2	1.7
1955	4.4	4.9	10.3	7.2	4.4	3.7	2.6	5.1	2.5	2.2	1.6
1956	3.4	3.9	8.1	5.7	3.4	3.0	1.9	4.0	1.8	1.9	1.1
1957	4.6	5.4	11.3	8.3	5.1	3.9	2.3	4.4	2.8	2.0	1.6
1958	7.0	8.1	16.7	12.7	7.7	6.1	3.6	7.4	4.1	3.2	2.3
1959	6.0	6.9	14.4	10.5	6.5	5.1	3.0	6.8	3.6	2.5	1.9
1960	7.0	8.1	16.4	12.3	7.6	6.2	3.6	8.6	4.0	2.7	2.4
1961	7.1	8.4	16.6	11.9	8.0	6.5	3.7	8.9	4.0	2.9	2.3
1962	5.9	6.8	14.5	9.9	6.0	5.2	3.3	7.6	3.7	2.5	2.4
1963	5.5	6.4	14.1	9.5	5.6	4.6	3.3	7.8	4.1	2.2	2.0
1964	4.7	5.3	12.2	7.8	4.5	3.7	3.1	7.6	3.3	2.3	1.8
1965	3.9	4.4	10.0	5.6	3.5	3.2	2.7	6.9	3.0	1.9	1.8
1966	3.6	4.0	9.6	5.3	3.0	2.8	2.6	6.4	2.6	2.0	1.8
1967	4.1	4.6	10.9	6.1	3.8	3.3	2.9	7.3	3.2	2.2	1.8
1968	4.8	5.5	12.8	7.6	4.4	4.1	3.4	8.3	4.2	2.3	2.2
1969	4.7	5.2	12.3	7.5	4.0	3.7	3.6	8.9	3.8	2.8	2.3
1970	5.9	6.6	15.0	10.5	5.3	4.6	4.5	11.4	5.1	3.2	3.0

Source : Statistics Canada, *The Labour Force* (71-201), 1971.

APPENDIX : TABLE B
Unemployment Rates of Youth Groups in the Five Economic Regions in Canada

Year	Atlantic			Quebec			Ontario			Prairies			British Columbia			
	Total	All Ages	14-19	20-24	All Ages	14-19	20-24	All Ages	14-19	20-24	All Ages	14-19	20-24	All Ages	14-19	20-24
1953	3.0	4.8	9.2	6.6	3.3	5.8	4.3	1.7	3.8	2.1	1.4	2.5	2.1	3.4	9.9	4.6
1954	4.6	6.3	14.0	9.2	5.7	8.7	6.4	3.5	7.2	4.6	2.4	4.2	3.4	4.7	11.3	5.6
1955	4.4	6.2	13.2	9.5	6.0	10.2	7.1	2.9	5.7	3.4	2.9	5.3	3.9	3.5	8.4	4.0
1956	3.4	5.6	11.6	7.3	4.0	7.9	5.7	2.0	4.2	2.6	1.9	3.7	2.4	2.4	7.3	3.4
1957	4.6	7.9	14.1	10.7	5.8	9.9	7.5	3.1	6.6	4.8	2.4	4.1	2.9	4.6	9.9	6.0
1958	7.0	11.9	20.9	14.9	8.5	14.5	10.8	5.0	11.1	7.3	3.7	6.8	4.9	7.8	14.8	11.2
1959	6.0	10.4	18.4	13.4	7.7	13.2	9.8	4.2	9.1	5.0	3.0	4.9	4.7	5.8	13.5	7.8
1960	7.0	10.2	17.1	13.2	9.0	16.2	11.3	5.1	11.0	6.4	3.9	6.9	5.9	8.0	16.4	10.1
1961	7.1	11.3	17.0	13.2	9.3	16.1	10.9	5.5	11.3	7.1	4.7	8.2	6.1	8.6	16.5	10.3
1962	5.9	10.8	19.4	13.8	7.5	13.5	8.8	4.3	9.8	5.3	3.9	6.4	5.4	6.8	14.7	8.0
1963	5.5	9.6	17.9	12.0	7.5	14.7	9.3	3.8	9.2	5.1	3.7	6.5	5.1	6.4	12.4	8.2
1964	4.7	8.0	16.2	9.3	6.3	12.1	8.1	3.3	9.0	4.0	3.1	5.7	3.2	5.4	13.2	9.0
1965	3.9	7.5	15.0	8.8	5.4	11.1	5.8	2.5	6.7	3.2	2.6	4.7	2.8	4.2	11.5	4.7
1966	3.6	6.4	14.1	7.4	4.7	9.5	5.0	2.5	6.6	3.2	2.1	4.8	2.3	4.6	10.3	5.1
1967	4.1	6.7	15.0	7.2	5.3	11.2	6.0	3.1	9.2	3.9	2.3	4.9	2.8	5.2	11.6	6.6
1968	4.8	7.3	16.1	9.0	6.5	13.3	7.9	3.6	9.3	4.5	2.9	6.7	3.7	6.0	12.7	8.4
1969	4.7	7.5	16.5	9.5	6.9	15.1	7.8	3.1	8.3	3.9	2.9	7.0	4.1	5.0	10.9	6.7
1970	5.9	7.6	17.5	10.5	7.9	18.6	10.2	4.3	10.9	6.0	4.1	8.8	6.8	7.7	15.5	11.0

Source : DBS, Labour Force Survey (unpublished).

L'IMPORTANCE DU CHÔMAGE DES JEUNES AU CANADA

Le chômage des jeunes au Canada a toujours été très élevé depuis la fin de la dernière guerre. Au cours de cette période, le tiers des sans-travail au Canada provient du groupe d'âge de 14 à 24 ans, même si ceux-ci ne forment que vingt-six pour cent de la main-d'œuvre. De plus, la tendance est à la hausse. Dans une certaine mesure, on peut expliquer ce phénomène par l'augmentation du taux de natalité pendant les années qui ont suivi la guerre, mais ce n'est pas là une explication globale ; il s'agit d'une caractéristique permanente du marché du travail au Canada. Pendant trois ans seulement, au cours des dix-huit dernières années, le taux de chômage des adolescents de 14 à 19 ans a été inférieur à 10 pour cent. De même, pour le groupe d'âge de 20 à 24 ans, hommes et femmes, il n'y eut également que trois années pendant lesquelles le taux de chômage dans cette catégorie n'a pas dépassé sept pour cent.

Autre fait : pour l'année 1968, par exemple, aucun pays industrialisé de l'Europe, à l'exception de l'Italie, n'a connu un problème de chômage des jeunes aussi aigu que le Canada et les États-Unis, ce qui indique qu'un taux de chômage beaucoup plus élevé chez les jeunes que chez les adultes n'est pas un mal inévitable de la société industrialisée.

Devant cette toile de fond, cette étude a pour objet d'exposer l'étendue du chômage des jeunes au Canada, d'expliquer brièvement les caractéristiques propres du chômage des jeunes et d'offrir, enfin, quelques recommandations pratiques.

La complexité du chômage des jeunes conduit à formuler les quatre observations suivantes : le taux de chômage des jeunes est très élevé, même lorsque l'économie est proche du plein emploi ; la variation cyclique du chômage des jeunes dépasse celle de tous les autres groupes de travailleurs ; si l'on connaissait le nombre de jeunes qui, démoralisés, quittent le marché du travail, la gravité du problème serait beaucoup plus dramatique ; enfin, le rapport entre le taux de chômage des jeunes et le taux de chômage général n'a cessé d'augmenter au cours de la deuxième moitié de la dernière décennie, ce qui indique une détérioration générale des perspectives de l'emploi pour l'avenir.

À l'aide des statistiques relatives au chômage, l'auteur examine ensuite chacune de ces propositions d'où il tire, par exemple, les faits suivants :

Parmi les groupes d'âge 14 à 24 ans et 19 à 24 ans, le groupe des femmes de 19 à 24 ans est le seul dont le taux de chômage se rapproche de la moyenne générale, mais encore là, il faut tenir compte du fait que le taux de participation à la main-d'œuvre, qui est assez faible, peut voiler le tableau du chômage. Il signale aussi que, même si le taux de chômage chez les jeunes demeure toujours élevé, celui-ci s'accroît considérablement en période de récession. En d'autres termes, de mauvaises conditions économiques ont beaucoup plus d'influence sur le niveau d'emploi des jeunes que sur le niveau d'emploi des adultes. Ceci se reflète nettement dans les statistiques pour la période 1966 à 1970. D'autre part, en dépit d'un niveau d'instruction plus élevé, ces faits ont tendance à indiquer que, dans une société technologique en expansion, les diplômés au niveau du collège et même du baccalauréat deviennent

rapidement désuets. Les dépenses sans précédents faites pour stimuler toutes les formes d'instruction et hausser le niveau d'éducation de la jeunesse n'ont guère contribué à alléger le fardeau du chômage. Lorsque l'activité économique se contracte, un grand nombre de jeunes quittent le marché du travail et, si certains retournent aux études, la plupart cessent purement d'être en disponibilité, créant ainsi un fort taux de chômage camouflé ou caché.

Dans la deuxième partie de son article, l'auteur se met à la recherche des facteurs qui sont responsables de cet état de choses. Il note d'abord que le marché du travail au Canada se subdivise en plusieurs groupes hétérogènes, selon la position géographique, la compétence professionnelle, la condition démographique des participants servant de frontières entre les différents groupes. Les jeunes font rarement concurrence aux gens de quarante ans pour des emplois de même nature. Le marché du travail se subdivise également selon l'âge, le sexe et le degré d'instruction. Les occasions d'emploi qui s'offrent aux diplômés d'université diffèrent beaucoup de celles qui se rapportent aux *drop-out*.

Il faut noter aussi que les demandeurs d'emploi ne postulent qu'un nombre limité de postes, ceux qui sont vacants ou nouvellement créés. Les travailleurs adultes ne sont pas tellement des chasseurs d'emploi, mais au contraire, il y a toujours un nombre considérable de jeunes en quête de travail, d'où une part considérable de chômage frictionnel dans cette catégorie. Aussi la plupart des personnes qui pénètrent pour la première fois sur le marché du travail sont-elles durement touchées pendant la période d'adaptation. Il n'est pas étonnant que l'on trouve chaque mois nombre de jeunes inscrits aux centres de main-d'œuvre. Rien de tel parmi les groupes plus âgés. Aussi, la période de transition entre l'école et l'usine ou le bureau explique-t-elle dans une bonne mesure le taux élevé du chômage chez les adolescents. Le temps moyen que ceux-ci consacrent à la quête d'un emploi est de huit semaines, alors qu'il s'établit à deux pour les autres catégories. Il y a aussi nombre de jeunes qui sont à la recherche d'emplois à temps partiel. Ceux-ci font nombre dans les statistiques sur le chômage. De même, le taux d'abandon est-il élevé chez les jeunes travailleurs. Il s'agit pour eux en quelque sorte d'une période d'expérimentation, et ce n'est qu'en ce faisant qu'il leur est possible de dénicher des emplois satisfaisants. Au fond, ils manquent de contacts et de l'expérience qui leur permettraient de décrocher un emploi plus rapidement. Enfin, étant donné la hiérarchie verticale des postes, les nouveaux employés sont-ils assignés à des tâches secondaires, ce qui est une explication valable du taux d'abandon. Même en période de croissance, les jeunes ont tendance à abandonner leur emploi beaucoup plus que les adultes. Si le taux de chômage chez les adultes est de trois pour cent, il sera au minimum de 1.5 de plus chez les jeunes. Donc, quatre caractéristiques à retenir : le grand nombre des nouveaux venus sur le marché du travail, la recherche d'emplois à temps partiel, un taux d'abandon élevé et des techniques de recherche d'emploi inefficaces.

L'objet principal de cet article a donc été de faire ressortir le problème du chômage des jeunes, problème qui a persisté tout au long de la période d'après-guerre. Il s'agit là d'une question qui n'est pas propre au Canada, mais tout autant aux États-Unis. On ne peut pas attribuer le taux élevé de chômage uniquement au roulement de la main-d'œuvre. La mobilité d'une région à l'autre ne peut pas non plus être une solution valable pour ces groupes de travailleurs, parce que, dans leur cas, il y a partout excédent.

Donc, les jeunes gens semblent vouer à souffrir du chômage chronique même lorsque l'économie fonctionne à plein rendement. On ne peut pas cependant ignorer ce malaise à cause des coûts personnels et sociaux qui accompagnent ce chômage. Il n'est pas impossible d'atteindre les mêmes objectifs qu'en Europe où les jeunes, grâce aux régimes d'apprentissage, entrent tout naturellement sur le marché du travail. Même si un certain virement de main-d'oeuvre est compréhensible et acceptable au sein de ces groupes, il faut prendre les moyens de réduire la durée du chômage entre chaque changement d'emploi. Ce sont là des responsabilités incombant à la fois aux pouvoirs publics et aux entreprises privées. On doit éviter une politique économique fondée sur l'alternance de la pression sur le frein et sur l'accélérateur, ce qui est très dommageable pour les jeunes travailleurs, parce qu'ils sont les derniers à être embauchés et les premiers à être mis en disponibilité. Enfin, on insistera jamais assez sur la nécessité de la formation en atelier qui permettra aux jeunes de prendre plus rapidement leur place sur le marché du travail.

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